



**NATIONAL GAY PILOTS ASSOCIATION**

**FINANCIAL STATEMENTS**

**December 31, 2021 & 2020**

# NATIONAL GAY PILOTS ASSOCIATION

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
National Gay Pilots Association  
Minneapolis, Minnesota

**Opinion**

We have audited the accompanying financial statements of National Gay Pilots Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Gay Pilots Association as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of National Gay Pilots Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Gay Pilots Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Gay Pilots Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Gay Pilots Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants  
November 14, 2022

**NATIONAL GAY PILOTS ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and equivalents	\$ 554,017	\$ 299,853
Receivable	60,905	7,000
Prepaid expenses	158,717	-
Total current assets	<u>773,639</u>	<u>306,853</u>
Investments - restricted	504,575	482,840
Total assets	<u><u>\$ 1,278,214</u></u>	<u><u>\$ 789,693</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 36,426	\$ 6,874
Deferred revenue	167,990	-
PPP Loan	-	9,736
Total current liabilities	<u>204,416</u>	<u>16,610</u>
Net assets		
Net assets without donor restriction	550,665	280,704
Net assets with donor restriction	523,133	492,379
Total net assets	<u>1,073,798</u>	<u>773,083</u>
Total liabilities and net assets	<u><u>1,278,214</u></u>	<u><u>\$ 789,693</u></u>

See Accompanying Notes to Financial Statements



**NATIONAL GAY PILOTS ASSOCIATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For The Years Ended December 31, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Support and revenue						
Events	\$ 90,810	\$ -	\$ 90,810	\$ 136,585	\$ -	\$ 136,585
Contributions	349,956	95,028	444,984	249,984	135,985	385,969
Membership dues	183,831	-	183,831	124,867	-	124,867
Other	15,132	-	15,132	15,621	-	15,621
Dividend and interest income	-	7,536	7,536	-	8,808	8,808
Realized/unrealized gain or loss	-	17,903	17,903	-	44,235	44,235
PPP Loan Forgiveness	26,762	-	26,762	-	-	-
Net assets released from restriction	89,713	(89,713)	-	135,271	(135,271)	-
Total support and revenue	756,204	30,754	786,958	662,328	53,757	716,085
Expenses:						
Program services	292,025	-	292,025	685,194	-	685,194
General and administrative	194,218	-	194,218	191,578	-	191,578
Total expenses	486,243	-	486,243	876,772	-	876,772
Change in net assets	269,961	30,754	300,715	(214,444)	53,757	(160,687)
Net assets - beginning of year	280,704	492,379	773,083	495,148	438,622	933,770
Net assets - end of year	\$ 550,665	\$ 523,133	\$ 1,073,798	\$ 280,704	\$ 492,379	\$ 773,083

See Accompanying Notes to Financial Statements

**NATIONAL GAY PILOTS ASSOCIATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2021 and 2020

	2021		
	Program Services	General and Administrative	Total
Professional fees	\$ -	\$ 25,818	\$ 25,818
Marketing	-	13,569	13,569
Office expense	-	4,913	4,913
Finance charges	-	30,153	30,153
Insurance	-	3,048	3,048
Conference, education and meetings	259,740	-	259,740
Rent	-	6,467	6,467
Salaries	-	110,121	110,121
Magazine and publications	32,285	-	32,285
Miscellaneous	-	129	129
Total	<u>\$ 292,025</u>	<u>\$ 194,218</u>	<u>486,243</u>

  

	2020		
	Program Services	General and Administrative	Total
Professional fees	\$ -	\$ 25,529	\$ 25,529
Marketing	-	11,377	11,377
Office expense	-	9,474	9,474
Finance charges	-	25,129	25,129
Insurance	-	3,404	3,404
Conference, education and meetings	609,814	-	609,814
Rent	-	6,575	6,575
Salaries	-	109,328	109,328
Magazine and publications	75,380	-	75,380
Miscellaneous	-	762	762
Total	<u>\$ 685,194</u>	<u>\$ 191,578</u>	<u>\$ 876,772</u>

See Accompanying Notes to Financial Statements

**NATIONAL GAY PILOTS ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets:	\$ 300,715	\$ (160,687)
Adjustment to reconcile the change in net assets to net cash flows from operating activities:		
Realized/unrealized (gain)/loss	(17,903)	(44,235)
Change in assets and liabilities:		
Receivables	(53,905)	127,800
Prepaid expenses	(158,717)	53,605
Accounts payable and accrued expenses	29,552	(16,404)
Deferred revenue	167,990	-
Net cash flows from operating activities	<u>267,732</u>	<u>(39,921)</u>
Cash flows from investing activities		
Net change in Investments - restricted	(3,832)	(8,806)
Net cash flows from investing activities	<u>(3,832)</u>	<u>(8,806)</u>
Cash flows from financing activities		
Proceeds from PPP loan	(9,736)	9,736
Net cash flows from financing activities	<u>(9,736)</u>	<u>9,736</u>
Net change in cash and equivalents	254,164	(38,991)
Cash and equivalents - beginning of year	299,853	338,844
Cash and equivalents - end of year	<u>\$ 554,017</u>	<u>\$ 299,853</u>

See Accompanying Notes to Financial Statements



**NATIONAL GAY PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** National Gay Pilots Association (the Organization) is a nonprofit organization who exists to provide education, advocacy and networking support for LGBT members within the aviation industry.

**Basis of accounting** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Tax status** The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes.

The Organization accounts for uncertainty in income taxes recognized in the financial statements annually assessing its exposure for uncertain tax positions. If required, the Organization would accrue income taxes plus a related interest and penalty as a liability. For the years presented the Organization has recorded no liability for uncertain tax positions. Tax years ending after December 31, 2018 remain open and subject to examination for both federal and state returns.

**Basis of presentation** Support is classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Net assets without donor restriction represent the portion of net assets that are not subject to donor restrictions.
- Net assets with restriction arise from contributions that are restricted by donors for specific purposes or time periods.

**Use of estimates** The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NATIONAL GAY PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Concentrations and credit risk** The Organization maintains cash balances in financial institutions. From time to time, the cash balances may exceed the federally insured limit. Management regularly reviews the credit worthiness of the financial institutions and has not experienced any losses.

**Cash and equivalents** For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

**Contributions receivable** Contributions receivable represent unconditional promises to give and are due within one year.

**Promises to give** - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible, unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Investments** - Investments are carried at their fair market values based upon quoted market prices.

**Property & Equipment** Property & Equipment is recorded at the lower of cost or estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Expenditures for equipment over \$1,000 with determinable lives are capitalized and depreciated. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.

**Contributed materials** Contributed materials are recorded as contributions, when received, at their estimated fair value where such value can be objectively and accurately determined.

**NATIONAL GAY PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Contributed services** Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a nonfinancial asset or the service requires specialized skills provided by an individual possessing those skills, and would need to be purchased if not provided by donation. A substantial number of volunteers donate significant amounts of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these statements since it does not meet the requirements of generally accepted accounting principles for recognition in financial statements.

**Contributions** Contributions are recorded at their net realizable values when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in net assets with restriction depending on the nature of restrictions. When a restriction expires, net assets with restriction are reclassified to net assets without restriction and reported in the statement of activity as satisfaction of donor restrictions.

**Functional expenses** Allocations are generally made as follows:

- Salaries by time spent on principal activities of each employee
- Employee benefits and payroll taxes according to the percentage used to allocate salaries
- All other expenses are allocated based on management estimates

**Subsequent events** Management evaluates events occurring subsequent to the date of the balance sheet in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 14, 2022, which is the date the financial statements were available to be issued.

**Revenue from contracts with customers** – (Topic 606). This ASU provides a single principles based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that an Organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization has analyzed the provisions of FASB's ASC Topic 606 and concluded that no changes are necessary to conform with the new standard as of and for the year ended December 31, 2021 or 2020.



**NATIONAL GAY PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

**2. INVESTMENTS**

Investments consist of the following at December 31:

	2021	2020
Cash	\$ 43,303	\$ 9,300
Mutual Funds	461,272	473,540
	<u>\$ 504,575</u>	<u>\$ 482,840</u>

Investment income is comprised of the following for the years ended December 31:

	2021	2020
Interest & dividends	\$ 7,536	\$ 8,808
Realized & unrealized gain/(loss) on investments	17,903	44,235
Total	<u>\$ 25,439</u>	<u>\$ 53,043</u>

**3. FAIR VALUE MEASUREMENTS**

The Organization complies with the Accounting Standards Codification which defines fair value, establishes framework for measuring fair value and expands disclosure about fair value.

Fair value is determined using assumptions that market participants would use to determine the price of the asset or liability as opposed to measurements determined based upon information specific to the entity holding those assets and liabilities. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. To determine those market participant assumptions the Accounting Standards Codification establishes a hierarchy of inputs that the entity must consider including both independent market data and the entity's assumptions about the market participant assumptions. This hierarchy is as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Quoted prices in markets that are not active, as those quoted market prices included in level 1, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

**NATIONAL GAY PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

3. FAIR VALUE MEASUREMENTS (continued)

Level 3: Unobservable inputs, used when there is little or no market activity, for the asset or liability at the measurement date. These inputs represent the entity's own assumptions about the assumptions that market participants would use to price the asset or liability.

The asset's or liability's fair value measurement level with-in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value, including the general classification of such pursuant to the valuation hierarchy.

Mutual funds: valued at the quoted prices which are available in active markets for identical instruments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of fair values. Furthermore, while The Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a different measurement at reporting date.

All of the investments of the Organization are considered level 1 in the fair value hierarchy.



**NATIONAL GAY PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

**4. NET ASSETS**

Net assets with restriction are restricted for the following purposes and December 31,

	2021	2020
University	\$ 7,091	\$ 506
Sustainability	21,675	8,000
Advocacy	2,420	-
Mentorship	1,033	1,033
Scholarships	490,914	482,840
	<u>\$ 523,133</u>	<u>\$ 492,379</u>

Net assets released from restriction as of December 31, were as follows:

	2021	2020
Satisfaction of donor restrictions		
Advocacy	\$ -	\$ 8,422
University	10,213	-
Scholarships	79,500	126,849
Total	<u>\$ 89,713</u>	<u>\$ 135,271</u>

**5. CONTINGENCIES**

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues its presence. Business continuity, including supply chains and consumer demand across a range of industries and countries, could be severely impacted for months or more, as governments and their citizens take measures to mitigate the consequences of the virus. Management is carefully monitoring the situation and evaluating its options during this time. While the Organization expects this matter to negatively impact its operating results, the financial impact and duration cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

The Organization received a two PPP loans for a total of \$26,762. Both loans were forgiven in 2021 and reported as a grant in the statement of activities and changes in net assets.

**NATIONAL GAY PILOTS ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

6. LIQUIDITY

The Organization has \$1,058,592 and \$782,693 of financial assets available within one year of the statement of financial position date, December 31, 2021 and 2020, respectively, to meet cash needs for general operating expenditures, consisting of cash and investments. The following reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position date.

	2021	2020
Financial assets, at year end	\$ 1,058,592	\$ 782,693
Less amounts with donor restrictions	(523,133)	(492,379)
Financial assets available, at year end	<u>\$ 535,459</u>	<u>\$ 290,314</u>

Management of the Organization reviews cash balances and cash use on a daily and weekly basis. Additionally, its Board of Directors and Finance Committee review the cash balance, and specifically, the months of cash on hand, monthly. The Organization uses a benchmark of three months of operating expenditures. At December 31, 2021 and 2020, the Organization had 12.6 and 4.0 months of financial assets available for future general operating expenditures, respectively.